Liberalisation of FDI

4443. SHRI BRAHMAKUMAR BHATT : Will the Minister of COMMERCE AND INDUSTRY be pleased to state :

(a) whether Government have liberalised Foreign Direct Investment;

(b) if so, the details of the guidelines; and

(c) the benefits achieved ?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN) : (a) to (b) Government, in its commitment towards economic reforms, have announced the new Foreign Direct Investment (FDI) Policy thereby placing all items/activities under the automatic route for Foreign Direct Investment (FDI), Non-Resident Indians (NRI) and Overseas Corporate Body (OCB) investment except the following :—

1. All proposals that require an Industrial Licence which include (i) the item requiring an Industrial Licence under the Industries (Development and Regulation) Act, 1951; (ii) foreign investment being more than 24% in the equity capital of units manufacturing items reserved Tor small scale industries : and (iii) all items which require an Industrial licence in terms of the locational policy notified by Government under the New indsutrial Policy of 1991.

2. All proposals in which the foreign collaborator has a previous venture/tie-up in India.

3. All proposals relating to acquistion of shares in an existing Indian compay in favour of a foreign/NRI/OCB investor.

4. All proposals falling outside notified sectoral policy/caps or under sectors in which FDI is not permitted and/of whenever any investor chooses to make an application to be the FIPB and not to avail of the automatic route.

All proposals for investment in public sector units as also for EOU/ EPZ/EHTP/STP units would qualify for automatic route subject to above parameters.

(c) FDI Policy has been liberalised to make India globally competitive as an investment destination, to attract capital and new technology.